

## Message Text

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ACTION EUR-12

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CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

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R 101005Z SEP 76

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 1004

INFO USDOC WASHDC

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY BERLIN

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USNATO 903

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E.O. 11652: NA

TAGS: EALR, ENRG, ETRD, CZ

SUBJECT: FUELS AND ENERGY: KEMPNY'S SEPT 4 SPEECH

REF PRAGUE 2592

1. SUMMARY: KEMPNY SAYS ENSURING CRUDE OIL IMPORTS MOST SERIOUS EXTERNAL PROBLEM IN FUEL-POWER SITUATION. RECENT GROWTH RATE OF IMPORTS CANNOT BE MAINTAINED SO CRUDE OIL AND PRODUCTS WILL BE RESERVED FOR CHEMICAL INDUSTRY AND MOTORING. WESTERN PRESS INTERPRETS THIS AS INDICATION PROMISED SOIVET OIL DELIVERIES WILL NOT BE MET. BASED ON AVAILABLE PRESS SUMMARIES, EMBASSY BELIEVES THIS INTERPRETATION NEITHER CONFIRMED NOR PRECLUDED. KEMPNY EVIDENTLY MEANT DOMESTIC COAL AND OTHER FUELS WILL HAVE LIMITED OFFICIAL USE

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TO MEET POWER GENERATION AND OTHER NEEDS PREVIOUSLY

MET BY IMPORTED OIL. KEMPNY ALSO COMMENTED ON POWER GENERATION PROBLEMS, PLANNED COAL EXTRACTION AND GAS IMPORTS, NEW POWER PLANTS BUILT WITH SOVIET HELP, AND INCREASED ROLE OF COAL AND LIGNITE IN FUEL SITUATION. END SUMMARY.

2. JOSEF KEMPNY, CSCP SECRETARY AND PRESIDUM MEMBER, MADE SIGNIFICANT SPEECH SEPT 4 ON FUEL AND POWER SIUTATION AT DAY OF MINERS AND POWER WORKERS CELEBRATION IN MOST, NORTHER BOHEMIA.

3. ACCORDING TO EMBASSY TRANSLATION OF RUDE PRAVO REPORT, KEMPNY SAID "ENSURING THE IMPORT OF CRUDE OIL IS THE MOST SERIOUS EXTERNAL PROBLEM IN OUR FUEL-POWER SITUATION". HE ADDED, "IT WILL NOT BE POSSIBLE TO MAINTAIN THE RATE OF INCREASE OF RECENT YEARS AND THEREFORE CRUDE OIL AND PRODUCTS DERIVED FROM IT WILL BE USED ABOVE ALL IN THE CHEMICAL INDUSTRY AND FOR THE NEEDS OF MOTORING". COMMENT: FINANCIAL TIMES AND TIMES OF LONDON, AND PERHAPS OTHER WESTERN PAPERS, CITING CETEKA NEWS AGENCY AS SOURCE, HAVE INTERPRETED KEMPNY'S REMARKS AS INDICATING THAT SOVIET CRUDE OIL DELIVERIES DURING NEXT FIVE YEARS WILL FALL SHORT OF 88 MILLION TONS AGREED TO IN 1975. NEITHER RUDE PRAVO ARTICLE NOR CETEKA RELEASE ON SPEECH, WHICH EMBASSY HAS SEEN SEEM TO JUSTIFY THIS CONCLUSION, ALTHOUGH NEITHER DO THEY PRECLUDE SUCH A POSSIBILITY. WHAT KEMPNY SEEMS TO HAVE SAID, IF HE WAS QUOTED CORRECTLY AND COMPLETELY, IS THAT RAPID GROWTH RATE OF OIL IMPORTS IN RECENT YEARS WILL NOT BE SUSTAINED DURING YEARS AHEAD AND THAT OIL WILL BE RSERVERD FOR CHEMICAL INDUSTRY AND MOTORING RATHER THAN FOR POWER GENERATION AND OTHER NEEDS WHICH DOMESTIC COAL AND OTHER FUELS CAN MEET. AS REPORTED REFTEL, SOVIETS NO DOUBT ARE ENCOURAGING CZECHOSLOVAKS AND OTHER EAST EUROPEAN ALLIES TO DIVERSIFY THEIR SOURCES OF OIL IMPORTS AND LESSEN THEIR PRESENT HEAVY RELIANCE ON USSR. HOWEVER, KEMPNY'S THEME SEEMS TO BE THAT CZECHOSLOVAK COAL MINERS AND POWER WORKERS WILL HAVE TO WORK HARDER LIMITED OFFICIAL USE

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TO MEET NATION'S FUTURE POWER NEEDS IN FACE OF GROWING DEMANDS AND LOWER GROWTH IN OIL IMPORTS. END COMMENT.

4. KEMPNY'S SPEECH ALSO CONTAINED OTHER NOTABLE ITEMS:

(A) FAILURE TO PUT 800 MEGAWATTS OF GENERATING CAPACITY INTO OPERATION ON SCHEDULE, HIGH BREAK-DOWN

RATE OF POWER EQUIPMENT (WHICH IS RUNNING 40 PERCENT HIGHER THAN IN 1975) AND RELATED PROBLEMS ARE LARGELY FAULT OF ENGINEERING, BUILDING, POWER AND FUEL WORKERS.

(B) COAL EXTRACTION SHOULD REACH 130-135 MILLION TONS, INCLUDING 100-105 TONS OF BROWN COAL, BY 1990.

(C) ABOUT HALF OF PLANNED NEW POWER OUTPUT SHOULD COME FROM NUCLEAR AND CONVENTIONAL POWER PLANTS BUILT IN COOPERATION WITH USSR.

(D) LONG-TERM DEVELOPMENT OF GAS INDUSTRY IS BASED ON "CONSTANTLY GROWING IMPORTS FROM THE USSR". CZECHOSLOVAKIA IS NOW SHARING IN THE CONSTRUCTION OF INTERNATIONAL GAS PIPELINES WHICH WILL MAKE IT POSSIBLE TO RECEIVE IN 1980 TWICE AS MUCH GAS AS IN 1975.

(E) WHILE DURING PREVIOUS FIVE-YEAR PLAN IMPORTS, MOSTLY FROM USSR, COVERED ALMOST ALL THE INCREASE IN PRIMARY POWER RESOURCES, DURING THE CURRENT SIXTH FYP (1976-80) DOMESTIC RESOURCES MUST MAKE UP FOR ALMOST ONE-THIRTH OF TOTAL INCREASE. COAL AND LIGNITE WILL REMAIN MOST IMPORTANT SOURCES OF FUEL AND POWER EVEN THOUGH NUCLEAR POWER WILL BE RAPIDLY DEVELOPED AND IMPORTS OF CRUDE OIL AND GAS WILL INCREASE FURTHER.  
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